

Report of Audit

on the

Financial Statements

of the

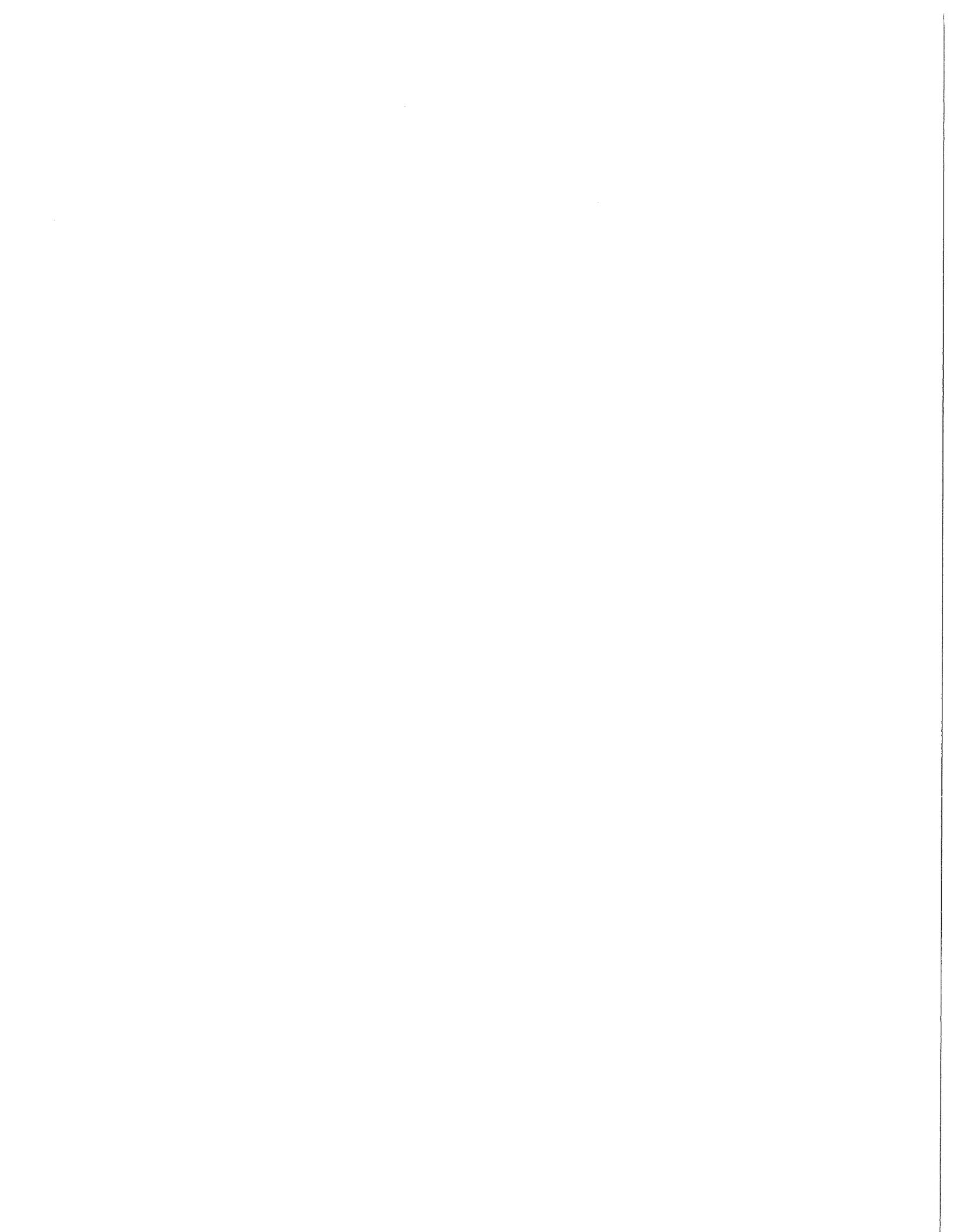
Borough of South Plainfield

in the

County of Middlesex
New Jersey

for the

Year Ended
December 31, 2015



BOROUGH OF SOUTH PLAINFIELD

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BOROUGH OF SOUTH PLAINFIELD

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2015



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South Plainfield
County of Middlesex
South Plainfield, New Jersey 07080

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of South Plainfield, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of South Plainfield on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of South Plainfield as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South Plainfield's regulatory financial statements. The supplementary information, data and schedules of expenditures of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

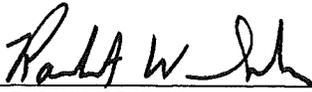
The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 on our consideration of the Borough of South Plainfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of South Plainfield's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 30, 2016

CURRENT FUND

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash	A-4	\$ 4,766,414.99	\$ 3,411,576.92
Change Fund	A-6	675.00	675.00
		<u>\$ 4,767,089.99</u>	<u>\$ 3,412,251.92</u>
Receivables and other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 893,720.00	\$ 733,853.44
Tax Title Liens Receivable	A-9	110,993.67	105,718.25
Revenue Accounts Receivable	A-13	55,462.15	45,981.47
Interfunds Receivable	A-12	30,066.30	9,178.47
Property Acquired for Taxes	A-10	4,714,000.00	4,714,000.00
Sales Contracts Receivable	A-22	319,500.00	319,500.00
	A	<u>\$ 6,123,742.12</u>	<u>\$ 5,928,231.63</u>
Deferred Charges	A-19	\$ 11,500.00	\$
		<u>\$ 10,902,332.11</u>	<u>\$ 9,340,483.55</u>
Grant Fund:			
Cash	A-4	\$ 207,776.14	\$ 300,009.57
Grants Receivable	A-26	138,952.06	124,511.19
		<u>\$ 346,728.20</u>	<u>\$ 424,520.76</u>
		<u>\$ 11,249,060.31</u>	<u>\$ 9,765,004.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3:A-14	\$ 965,180.78	\$ 897,928.06
Prepaid Taxes	A-18	677,833.84	265,866.14
Accounts Payable	A-11	242,083.43	254,606.61
Tax Overpayments	A-17	18,502.55	60,086.17
Due State of New Jersey - Senior Citizens and Veterans	A-7	27,565.80	31,437.04
Interfunds Payable	A-12	15,129.97	165.92
School Taxes Payable	A-21	645,543.98	
County Taxes Payable	A-25	1,382.26	
Reserve For:			
Tax Appeals	A-15	15,103.38	
Revision of Planning/Zoning Code	A-29	6,831.51	
Sale of Municipal Assets	A-28	108,000.00	
Accumulated Absences	A-27	16,500.00	16,000.00
Length of Service Awards Program	A-20	34,828.15	25,238.76
		<u>\$ 2,774,485.65</u>	<u>\$ 1,551,328.70</u>
Reserve for Receivables and other Assets	A	6,123,742.12	5,928,231.63
Fund Balance	A-1	<u>2,004,104.34</u>	<u>1,860,923.22</u>
		<u>\$ 10,902,332.11</u>	<u>\$ 9,340,483.55</u>
Grant Fund:			
Reserve for Grants - Unappropriated	A-24	\$ 15,307.10	\$ 131,494.98
Reserve for Grants - Appropriated	A-23	324,789.21	277,696.60
Reserve for Accounts Payable	A-16	6,631.89	15,329.18
		<u>\$ 346,728.20</u>	<u>\$ 424,520.76</u>
		<u>\$ 11,249,060.31</u>	<u>\$ 9,765,004.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014
Fund Balance Utilized	A-1:A-2	\$ 1,585,000.00	\$ 1,382,407.08
Miscellaneous Revenue Anticipated	A-2	7,115,915.24	7,398,918.55
Receipts From Delinquent Taxes	A-2	733,390.62	1,205,271.63
Receipts From Current Taxes	A-2	78,842,737.76	76,454,716.18
Non-Budget Revenue	A-2	94,361.27	216,245.54
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	275,431.45	212,398.90
Other Cancellations and Additions to Income			27,498.85
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 88,646,836.34</u>	<u>\$ 86,897,456.73</u>
 <u>EXPENDITURES</u> 			
Budget and Emergency Appropriations:			
Operations within "CAPS"	A-3	\$ 19,441,952.00	\$ 19,431,387.00
Deferred Charges and Regulatory Expenditures - Municipal	A-3	2,253,520.00	2,107,852.90
Other Operations Excluded from "CAPS"	A-3	2,995,982.45	3,038,936.10
Judgments	A-3	30,000.00	26,109.00
Municipal Debt Service	A-3	1,459,886.45	1,195,540.11
Capital Improvements	A-3	100,000.00	60,000.00
Deferred Charges	A-3	5,000.00	266,500.00
County Tax	A-25	14,990,432.38	14,673,302.51
County Share of Added Taxes	A-25	94,889.26	32,706.10
Local District School Tax	A-21	45,515,106.00	44,293,131.00
Refund of Prior Year Revenue			158,388.74
Prior Accounts Payable	A-11	22,498.85	
Interfunds Advanced		20,887.83	7,905.55
<u>TOTAL EXPENDITURES</u>		<u>\$ 86,930,155.22</u>	<u>\$ 85,291,759.01</u>
Excess in Revenue		<u>\$ 1,716,681.12</u>	<u>\$ 1,605,697.72</u>
Adjustments to Income before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		\$ 11,500.00	\$
Statutory Excess to Fund Balance		<u>\$ 1,728,181.12</u>	<u>\$ 1,605,697.72</u>
Fund Balance, January 1	A	<u>\$ 1,860,923.22</u>	<u>\$ 1,637,632.58</u>
		\$ 3,589,104.34	\$ 3,243,330.30
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,585,000.00</u>	<u>1,382,407.08</u>
Fund Balance, December 31	A	<u>\$ 2,004,104.34</u>	<u>\$ 1,860,923.22</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)	
	BUDGET	NJS 40A: 4-87			
Fund Balance Anticipated	A-1	\$ 1,585,000.00	\$ 1,585,000.00		
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 48,000.00	\$ 49,405.50	\$ 1,405.50	
Other	A-2	77,000.00	77,356.00	356.00	
Fees and Permits:					
Construction Code Official	A-13	917,000.00	927,429.00	10,429.00	
Other	A-2	110,000.00	117,566.03	7,566.03	
Municipal Court:					
Fines and Costs	A-13	555,000.00	652,848.44	97,848.44	
Interest and Costs on Taxes	A-13	210,000.00	160,325.03	(49,674.97)	
Interest on Investments and Deposits	A-13	10,000.00	9,607.85	(392.15)	
Consolidated Municipal Property Tax Relief Aid	A-13	142,500.00	142,500.00		
Energy Receipts Tax	A-13	2,572,791.00	2,572,791.00		
SP Urban Renewal Pilot	A-13	32,000.00	42,699.40	10,699.40	
Office on Aging Building Rental	A-13	16,000.00	16,960.00	960.00	
Reserve for Parade Contributions	A-13	7,000.00	7,000.00		
General Capital Fund Surplus	A-13	125,000.00	125,000.00		
Police Off-Duty Admin Fee	A-13	100,000.00	100,000.00		
State Hotel Tax	A-13	285,000.00	311,972.89	26,972.89	
Uniform Fire Safety Act	A-13	317,500.00	333,733.73	16,233.73	
Utility Operating Surplus	A-13	665,000.00	665,000.00		
Host Benefits-Recycling Tonnage	A-13	50,000.00	85,021.90	35,021.90	
Cable TV Fees	A-13	281,000.00	285,412.39	4,412.39	
Bail Forfeitures	A-13	15,000.00	17,690.00	2,690.00	
Sale of Land	A-13	105,000.00	117,878.63	12,878.63	
Senior Title 111 B Grant	A-26	4,222.00	1,111.00	5,333.00	
Click It or Ticket	A-26		4,000.00	4,000.00	
Senior Assistance Grant	A-26	9,958.00	3,828.00	13,786.00	
Alcohol Education and Rehabilitation	A-26		3,005.59	3,005.59	
Clean Communities Program	A-26		49,527.56	49,527.56	
Municipal Alliance Grant	A-26	20,777.00		20,777.00	
Recycling Tonnage Grant	A-26	111,234.98		111,234.98	
Handicap Entrance	A-26		20,000.00	20,000.00	
Senior Meals on Wheels	A-26		24,000.00	24,000.00	
Improvements to Senior Center	A-26		2,203.32	2,203.32	
Senior Citizens Coordinator	A-26	25,000.00	12,500.00	37,500.00	
Drunk Driving Enforcement Fund	A-26	6,350.00		6,350.00	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 6,818,332.98	\$ 120,175.47	\$ 7,115,915.24	\$ 177,406.79
Receipts From Delinquent Taxes	A-1:A-8	\$ 760,000.00		\$ 733,390.62	\$ (26,609.38)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-8	\$ 17,468,017.00		\$ 18,575,210.12	\$ 1,107,193.12
Local Tax for Municipal Library	A-2:A-8	1,271,100.00		1,271,100.00	
<u>BUDGET TOTALS</u>		\$ 27,902,449.98	\$ 120,175.47	\$ 29,280,615.98	\$ 1,378,166.00
Non-Budget Revenues	A-2	\$		\$ 94,361.27	\$ 94,361.27
		\$ 27,902,449.98	\$ 120,175.47	\$ 29,374,977.25	\$ 1,472,527.27
REF.	A-3		A-3		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:			
Revenue From Collections	A-1:A:8	\$	78,842,737.76
Allocated To:			
County Taxes	A-8	\$	15,085,321.64
Local District School Taxes	A-8		45,515,106.00
Minimum Library Tax	A-8		<u>1,271,100.00</u>
Balance for Support of Municipal Budget Appropriations		\$	16,971,210.12
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,604,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>18,575,210.12</u></u>
Licenses - Other:			
Registrar and Board of Health	A-13	\$	67,893.00
Clerk	A-13		<u>9,463.00</u>
	A-2	\$	<u><u>77,356.00</u></u>
Other - Fees and Permits:			
Clerk	A-13	\$	3,415.00
Board of Adjustment/Planning/Zoning	A-13		54,640.83
Board of Health/Registrar	A-13		15,130.00
Police Records/Burglar Alarm Permits	A-13		<u>44,380.20</u>
	A-2	\$	<u><u>117,566.03</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Inspection Fines	\$	9,613.00
Miscellaneous		58,347.70
PILOT		4,000.00
Auction and Scrap		206.52
Zumba		5,348.00
Prior Year Refund		627.99
Court		2,368.00
Duplicate Fee		381.21
Senior Citizens and Veterans Administrative Fee		4,286.23
Tax Collector		4,029.25
Swim Pool Operating-Appropriation Reserves Lapsed		4,591.37
Clerk		372.00
Zoning Administration		190.00
		<hr/>
<u>Total Non-Budget Revenue</u>	A-1:A-2:A-4	\$ <u>94,361.27</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT:					
Administrative and Purchasing:					
Salaries and Wages	\$ 163,541.00	\$ 193,541.00	\$ 191,760.91	\$ 1,780.09	\$
Other Expenses	3,000.00	3,000.00	296.34	2,703.66	
Administrative and Executive:					
Salaries and Wages	55,418.00	59,418.00	50,853.06	8,564.94	
Other Expenses	3,500.00	6,000.00	2,969.03	3,030.97	
Borough Clerk:					
Salaries and Wages	111,427.00	120,427.00	118,464.00	1,963.00	
Other Expenses	21,000.00	24,000.00	18,879.90	5,120.10	
Financial Administration:					
Salaries and Wages	77,893.00	47,893.00	38,784.24	9,108.76	
Other Expenses	37,000.00	39,000.00	36,743.64	2,256.36	
Annual Audit	61,000.00	61,000.00		61,000.00	
Computer:					
Salaries and Wages	49,136.00	49,136.00	47,695.83	1,440.17	
Other Expenses	123,000.00	123,000.00	103,807.30	19,192.70	
Data Processing:					
Other Expenses	4,500.00	4,500.00	1,274.00	3,226.00	
Collection of Taxes:					
Salaries and Wages	50,500.00	50,500.00	48,054.82	2,445.18	
Other Expenses	19,000.00	19,000.00	14,379.90	4,620.10	
Assessment of Taxes:					
Salaries and Wages	99,448.00	108,448.00	107,075.00	1,373.00	
Other Expenses	67,000.00	67,000.00	62,506.05	4,493.95	
Legal Services and Costs:					
Salaries and Wages	42,006.00	50,006.00	44,306.00	5,700.00	
Other Expenses	142,500.00	155,500.00	139,246.34	16,253.66	
Engineering Services:					
Other Expenses	156,000.00	171,000.00	155,895.09	15,104.91	
Economic Development:					
Other Expenses	625.00	625.00		625.00	
Planning Board:					
Salaries and Wages	1,502.00	2.00		2.00	
Other Expenses	5,000.00	12,500.00	7,615.46	4,884.54	
Emergency-Revision & Codifications Planning/Zoning Ord.					
Other Expenses		11,500.00	11,500.00		
Zoning Board of Adjustment:					
Salaries and Wages	1,502.00	1,502.00	1,501.34	0.66	
Other Expenses	5,000.00	12,500.00	5,673.27	6,826.73	
Environmental Commission:					
Salaries and Wages	69,972.00	72,972.00	71,281.64	1,690.36	
Other Expenses	1,200.00	1,200.00	889.99	310.01	
Green Brook Flood Committee:					
Other Expenses	1,900.00	1,900.00	1,654.81	245.19	
Municipal Court:					
Salaries and Wages	302,489.00	317,489.00	313,447.50	4,041.50	
Other Expenses	145,000.00	147,500.00	140,640.91	6,859.09	
Public Defender:					
Salaries and Wages	500.00	500.00		500.00	
Municipal Support:					
Other Expenses	46,965.00	46,965.00	38,277.30	8,687.70	
Insurance:					
Other	515,495.00	515,495.00	476,187.24	39,307.76	
Health Benefits	4,295,491.00	3,945,491.00	3,684,523.38	180,967.62	80,000.00
Health Benefit Waiver	36,000.00	36,000.00		36,000.00	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	6,524,445.00	6,599,445.00	6,574,372.82	25,072.18	
Other Expenses	200,000.00	200,000.00	177,780.89	22,219.11	
Traffic Safety:					
Salaries and Wages	750.00	750.00	750.00		
Other Expenses	200.00	200.00		200.00	

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC SAFETY (CONTINUED):</u>					
School Crossing Guards:					
Other Expenses	\$ 280,000.00	\$ 285,000.00	\$ 274,924.64	\$ 10,075.36	\$
Emergency Management Services:					
Salaries and Wages	17,235.00	17,235.00	10,908.27	6,326.73	
Other Expenses	25,000.00	25,000.00	23,022.79	1,977.21	
First Aid Org. and Maint. Contract:					
Salaries and Wages	25,000.00	25,000.00	23,999.95	1,000.05	
Other Expenses	27,500.00	36,500.00	7,447.35	29,052.65	
Fire Department:					
Salaries and Wages	42,000.00	44,000.00	42,504.97	1,495.03	
Other Expenses	145,000.00	150,000.00	146,373.42	3,626.58	
Fire Official:					
Salaries and Wages	376,006.00	385,006.00	382,810.12	2,195.88	
Other Expenses	167,875.00	169,875.00	141,509.26	28,365.74	
Fire Service Charge	582,800.00	592,800.00	587,020.45	5,779.55	
Juvenile Conference:					
Salaries and Wages	750.00	750.00		750.00	
<u>STREETS AND ROADS:</u>					
Public Works Director:					
Salaries and Wages	140,875.00	148,875.00	147,656.14	1,218.86	
Other Expenses	5,000.00	5,000.00	4,701.95	298.05	
Road Repairs and Maintenance:					
Salaries and Wages	302,632.00	311,632.00	308,257.99	3,374.01	
Other Expenses	200,000.00	200,000.00	185,920.53	14,079.47	
Snow Removal:					
Salaries and Wages	70,000.00	70,000.00	59,727.49	10,272.51	
Other Expenses	265,000.00	265,000.00	264,465.67	534.33	
Solid Waste:					
Salaries and Wages	500.00	500.00	500.00		
Other Expenses	1,500.00	1,500.00		1,500.00	
Recycling:					
Salaries and Wages	112,085.00	120,085.00	118,959.49	1,125.51	
Other Expenses	129,635.00	129,635.00	128,670.96	964.04	
Compactor:					
Salaries and Wages	1,500.00	1,500.00	1,500.00		
Other Expenses	1,500.00	1,500.00		1,500.00	
Public Building and Grounds:					
Salaries and Wages	425,732.00	359,732.00	348,023.56	11,708.44	
Other Expenses	65,000.00	65,000.00	61,975.83	3,024.17	
Vehicle Maintenance:					
Salaries and Wages	137,476.00	142,476.00	139,830.21	2,645.79	
Other Expenses	115,000.00	122,000.00	117,435.41	4,564.59	
<u>HEALTH AND WELFARE:</u>					
Board of Health:					
Salaries and Wages	68,432.00	70,432.00	69,304.60	1,127.40	
Other Expenses	120,000.00	139,000.00	136,387.23	2,612.77	
Youth Aid:					
Salaries and Wages	11,610.00	11,610.00	11,396.28	213.72	
Other Expenses	1,250.00	1,250.00		1,250.00	
Public Assistance:					
Salaries and Wages	9,000.00	9,000.00	9,000.00		
Other Expenses	1,000.00	1,000.00	615.96	384.04	
United Cerebral Palsy:					
Other Expenses	400.00	400.00	400.00		
Kiddie Keepwell:					
Other Expenses	500.00	500.00	500.00		
<u>RECREATION AND EDUCATION:</u>					
Board of Recreation Commissioners:					
Salaries and Wages	296,276.00	299,276.00	293,412.66	5,863.34	
Other Expenses	40,000.00	40,000.00	36,902.97	3,097.03	

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>RECREATION AND EDUCATION (CONTINUED):</u>					
Office of Aging:					
Salaries and Wages	\$ 189,895.00	\$ 210,895.00	\$ 208,772.15	\$ 2,122.85	\$
Other Expenses	15,500.00	15,500.00	12,259.38	3,240.62	
Cultural Arts:					
Salaries and Wages	750.00	750.00	750.00		
Other Expenses	7,500.00	7,500.00	2,267.50	5,232.50	
Celebration of Public Events:					
Other Expenses	32,000.00	32,000.00	30,014.60	1,985.40	
<u>UNIFORM CONSTRUCTION CODE:</u>					
Construction Code Official:					
Salaries and Wages	347,333.00	355,333.00	349,227.84	6,105.16	
Other Expenses	160,000.00	175,000.00	151,345.85	23,654.15	
<u>UNCLASSIFIED:</u>					
Utilities:					
Electricity	239,000.00	244,000.00	205,643.89	38,356.11	
Salary and Wage Adjustment	2,500.00				
Street Lights	446,500.00	454,500.00	386,188.76	68,311.24	
Telephones	120,000.00	122,500.00	117,481.74	5,018.26	
Water	45,000.00	47,000.00	41,959.34	5,040.66	
Gas	3,500.00	3,500.00	3,500.00		
Fuel Oil	5,000.00	5,000.00	2,500.00	2,500.00	
Telecommunications	2,000.00	2,000.00	2,000.00		
Gasoline	140,000.00	140,000.00	120,406.41	19,593.59	
Landfill Costs	80,500.00	93,000.00	80,669.93	12,330.07	
Accumulated Leave Compensation	77,500.00	83,500.00	83,233.61	266.39	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 19,566,452.00	\$ 19,516,952.00	\$ 18,573,375.15	\$ 863,576.85	\$ 80,000.00
Contingent	\$ 5,000.00	\$ 5,000.00	\$ 1,895.00	\$ 3,105.00	\$
TOTAL OPERATIONS INCL. CONTINGENT WITHIN "CAPS"	\$ 19,571,452.00	\$ 19,521,952.00	\$ 18,575,270.15	\$ 866,681.85	\$ 80,000.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":</u>					
Statutory Expenditures:					
Anticipated Deficit in Pool Utility Budget	\$ 101,500.00	\$ 101,500.00	\$ 101,500.00	\$	\$
Contribution to:					
Social Security System (O.A.S.I)	357,000.00	357,000.00	357,000.00		
Police and Firemen's Retirement System of NJ	1,329,410.00	1,329,410.00	1,329,410.00		
Public Employees' Retirement System	465,610.00	465,610.00	465,610.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"	\$ 2,253,520.00	\$ 2,253,520.00	\$ 2,253,520.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE WITHIN 'CAPS'	\$ 21,824,972.00	\$ 21,775,472.00	\$ 20,828,790.15	\$ 866,681.85	\$ 80,000.00
<u>MANDATED EXPENDITURES PER N.J.S. 40A: 4-45.3g EXCLUDED FROM "CAPS":</u>					
Public Library: Direct Maintenance	\$ 1,271,100.00	\$ 1,271,100.00	\$ 1,271,100.00	\$	\$
Police System 911: Salaries	660,165.00	670,165.00	664,853.70	5,311.30	
Police System 911: OE	365,000.00	365,000.00	354,545.91	10,454.09	
LOSAP: Deferred Contributions	75,000.00	86,000.00	10,835.61	75,164.39	
Tax Appeals	260,000.00	300,000.00	296,805.35	3,194.65	
<u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES:</u>					
Senior Title 111 B Grant (40A:4-87 + \$1,111.00)	4,222.00	5,333.00	5,333.00		
Click It or Ticket (40A:4-87 + \$4,000.00)		4,000.00	4,000.00		
Senior Assistance Grant (40A:4-87 + \$3,828.00)	9,958.00	13,786.00	13,786.00		

BOROUGH OF SOUTH PLAINFIELD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES</u>					
<u>(CONTINUED):</u>					
Alcohol Education and Rehabilitation (40A:4-87 + \$3,005.59)	\$	\$ 3,005.59	\$ 3,005.59	\$	\$
Clean Communities Program (40A:4-87 + \$49,527.56)		49,527.56	49,527.56		
Municipal Alliance Grant	20,777.00	20,777.00	20,777.00		
Recycling Tonnage Grant	111,234.98	111,234.98	111,234.98		
Handicap Entrance (40A:4-87 + \$20,000.00)		20,000.00	20,000.00		
Senior Meals on Wheels (40A:4-87 + \$24,000.00)		24,000.00	24,000.00		
Improvements to Senior Center (40A:4-87 + \$2,203.32)		2,203.32	2,203.32		
Senior Citizens Coordinator (40A:4-87 + \$12,500.00)	25,000.00	37,500.00	37,500.00		
Municipal Alliance Match	6,000.00	6,000.00	6,000.00		
Drunk Driving Enforcement Fund	6,350.00	6,350.00	6,350.00		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 2,814,806.98	\$ 2,995,982.45	\$ 2,901,858.02	\$ 94,124.43	\$
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>					
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
TOTAL CAPITAL IMPROVEMENTS - EXCL. FROM "CAPS"	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICES - EXCLUDED FROM "CAPS":</u>					
Payment of Bond Principal	\$ 495,000.00	\$ 495,000.00	\$ 494,050.00	\$	\$ 950.00
Payment of Bond Anticipation Notes and Capital Notes	545,000.00	545,000.00	482,632.00		62,368.00
Interest on Bonds	437,000.00	437,000.00	437,000.00		
Interest on Notes	36,000.00	36,000.00	35,533.64		466.36
Green Trust Loan Program	10,671.00	10,671.00	10,670.81		0.19
TOTAL DEBT SERVICE	\$ 1,523,671.00	\$ 1,523,671.00	\$ 1,459,886.45	\$	\$ 63,784.55
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS":</u>					
Deferred Charges to Future Taxation Unfunded: Ordinance 1324	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	\$
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	\$
JUDGEMENTS	\$ 30,000.00	\$ 30,000.00	\$ 25,625.50	\$ 4,374.50	\$
SUBTOTAL GENERAL APPROPRIATIONS	\$ 26,298,449.98	\$ 26,430,125.45	\$ 25,321,160.12	\$ 965,180.78	\$ 143,784.55
RESERVE FOR UNCOLLECTED TAXES	1,604,000.00	1,604,000.00	1,604,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 27,902,449.98</u>	<u>\$ 28,034,125.45</u>	<u>\$ 26,925,160.12</u>	<u>\$ 965,180.78</u>	<u>\$ 143,784.55</u>
	<u>REF.</u>	<u>A-2:A-3</u>	<u>A-1:A-3</u>	<u>A:A-1</u>	
Budget	A-3	\$ 27,902,449.98			
Emergency Appropriation	A-19	11,500.00			
Amendment - NJSA 40A: 4-87	A-2	120,175.47			
		<u>\$ 28,034,125.45</u>			
Reserve for Accounts Payable	A-11		\$ 138,722.07		
Reserve for Grants Appropriated	A-23		297,717.45		
Reserve for Uncollected Taxes	A-2		1,604,000.00		
Refunds	A-4		(1,450,343.62)		
Disbursement	A-4		26,335,064.22		
	A-3		<u>\$ 26,925,160.12</u>		

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TRUST FUND

"B"

BOROUGH OF SOUTH PLAINFIELD

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
Assessment Fund:			
Cash	B-2:B-4	\$ 285.94	\$ 285.94
Assessments Receivable	B-3	3,121.04	3,121.04
Prospective Assessments Funded	B-7	152,170.08	152,170.08
	B	<u>\$ 155,577.06</u>	<u>\$ 155,577.06</u>
Animal Control Fund:			
Due Trust Other Fund	B-6	\$ 5,292.34	\$ 5,757.38
	B	<u>\$ 5,292.34</u>	<u>\$ 5,757.38</u>
Other Funds:			
Cash	B-2	\$ 4,665,308.98	\$ 3,842,946.80
Due Federal Forfeiture Trust-Intrafund	B-24	1,358.17	1,358.17
Due Current Fund	B-11	160.52	160.52
	B	<u>\$ 4,666,667.15</u>	<u>\$ 3,844,465.49</u>
		<u>\$ 4,827,536.55</u>	<u>\$ 4,005,799.93</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Reserve for Assessments	B-5	\$ 155,291.12	\$ 155,291.12
Fund Balance	B-1	285.94	285.94
	B	<u>\$ 155,577.06</u>	<u>\$ 155,577.06</u>
Animal Control Fund:			
Due State of New Jersey	B-13	\$ 1.20	\$
Reserve for Animal Control Expenditures	B-12	5,291.14	5,757.38
	B	<u>\$ 5,292.34</u>	<u>\$ 5,757.38</u>
Other Funds:			
Due Animal Control Trust Fund	B-9	\$ 5,292.34	\$ 5,757.38
Due Treasurers Trust-Intrafund	B-24	1,358.17	1,358.17
Due Current Fund	B-11	10,023.77	2,227.31
Due Swimming Pool Capital Fund	B-10	2,000.00	2,000.00
Reserve For:			
Accounts Payable	B-8	44,676.49	161,275.62
State Unemployment Insurance	B-14	195,248.91	197,110.09
Federal Forfeiture	B-15	338.99	338.63
Various Deposits	B-17	922,318.04	849,741.59
Law Enforcement	B-16	36,503.19	35,975.04
Recreation	B-18	24,335.95	50,659.44
Health Benefits	B-19	224,889.12	215,026.44
Escrow Deposits	B-20	1,996,191.24	1,380,161.00
Affordable Housing	B-21	165,648.43	146,203.42
Payroll	B-25	131,841.19	110,753.56
Flexible Spending	B-23	8,821.81	8,821.81
Tax Redemptions	B-22	906,001.32	677,055.99
	B	<u>\$ 4,666,667.15</u>	<u>\$ 3,844,465.49</u>
		<u>\$ 4,827,536.55</u>	<u>\$ 4,005,799.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

TRUST FUND

SCHEDULE OF ASSESSMENT FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2015</u>	<u>YEAR ENDED DECEMBER 31, 2014</u>
Balance, January 1	B	\$ <u>285.94</u>	\$ <u>285.94</u>
Balance, December 31	B	\$ <u><u>285.94</u></u>	\$ <u><u>285.94</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

BOROUGH OF SOUTH PLAINFIELDGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,147,700.71	\$ 1,098,720.35
Accounts Receivable	C-4	306,945.37	306,945.37
Interfunds	C-5	33,664.28	18,539.71
Deferred Charges to Future Taxation:			
Funded	C-7	10,833,182.85	11,337,538.56
Unfunded	C-8	<u>5,516,331.57</u>	<u>4,326,463.57</u>
		<u>\$ 17,837,824.78</u>	<u>\$ 17,088,207.56</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 10,822,670.00	\$ 11,316,720.00
Bond Anticipation Notes Payable	C-13	5,287,118.00	3,707,250.00
Green Acres Loans Payable	C-15	10,512.85	20,818.56
Due to South Plainfield Senior Citizens			
Housing Project	C-6	148,124.34	148,124.34
Capital Improvement Fund	C-11	30,058.77	14,308.77
Improvement Authorizations:			
Funded	C-9	452,056.17	478,316.57
Unfunded	C-9	819,734.58	1,102,353.83
Reserve for:			
Various Reserves	C-14	100,394.38	85,291.38
Contracts Payable	C-12	138,538.81	61,407.23
Fund Balance	C-1	<u>28,616.88</u>	<u>153,616.88</u>
		<u>\$ 17,837,824.78</u>	<u>\$ 17,088,207.56</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2015</u>	<u>YEAR ENDED DECEMBER 31, 2014</u>
Balance, January 1	C	\$ 153,616.88	\$ 313,252.72
Increased by:			
Premium-B.A.N. Sale			9,359.46
Improvement Authorizations Canceled			<u>61,004.70</u>
		\$ <u>153,616.88</u>	\$ <u>383,616.88</u>
Decreased by:			
Disbursed-Current Fund MRA	C-2	<u>125,000.00</u>	<u>230,000.00</u>
Balance, December 31	C	\$ <u><u>28,616.88</u></u>	\$ <u><u>153,616.88</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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SEWER UTILITY FUND

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, <u>2014</u>	BALANCE DECEMBER 31, <u>2014</u>
<u>OPERATING FUND:</u>			
Cash and Investments	D-5	\$ 1,109,733.45	\$ 1,208,683.10
Cash- Change Fund		<u>150.00</u>	<u>150.00</u>
		\$ <u>1,109,883.45</u>	\$ <u>1,208,833.10</u>
Receivables with Full Reserves:			
Sewer Use Charges Receivable	D:D-7	\$ 236,629.83	\$ 258,557.00
Sewer Use Liens Receivable	D:D-8	<u>3,778.30</u>	<u>3,428.30</u>
	D	\$ <u>240,408.13</u>	\$ <u>261,985.30</u>
<u>TOTAL OPERATING FUND</u>	D	\$ <u>1,350,291.58</u>	\$ <u>1,470,818.40</u>
<u>CAPITAL FUND:</u>			
Cash and Investments	D-5:D-6	\$ 555,450.18	\$ 246,879.75
Fixed Capital	D-13	13,557,821.21	13,557,821.21
Fixed Capital Authorized and Uncompleted	D-14	725,000.00	725,000.00
Due Sewer Utility Operating Fund	D-22	<u>44.00</u>	<u>7.43</u>
<u>TOTAL CAPITAL FUND</u>	D	\$ <u>14,838,315.39</u>	\$ <u>14,529,708.39</u>
		<u>\$ 16,188,606.97</u>	<u>\$ 16,000,526.79</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$ 131,788.84	\$ 211,967.19
Interfunds Payable	D-18	44.00	7.43
Reserve for Accounts Payable	D-10	40,198.08	5,841.91
Sewer Overpayments	D-11	13,785.99	33,532.14
Accrued Interest Payable	D-12	18,971.00	14,821.00
		\$ 204,787.91	\$ 266,169.67
Reserve for Receivables	D	240,408.13	261,985.30
Fund Balance	D-1	905,095.54	942,663.43
<u>TOTAL OPERATING FUND</u>	D	\$ 1,350,291.58	\$ 1,470,818.40
<u>CAPITAL FUND:</u>			
Serial Bonds Payable	D-15	\$ 120,000.00	\$ 180,000.00
Improvement Authorizations:			
Funded	D-16	3,275.42	3,275.42
Unfunded	D-16	70,042.76	70,042.76
Capital Improvement Fund	D-17	608,569.00	358,569.00
Reserve for Amortization	D-19	13,437,821.21	13,377,821.21
Deferred Reserve for Amortization	D-20	593,607.00	535,000.00
		\$ 14,833,315.39	\$ 14,524,708.39
Fund Balance	D-2	5,000.00	5,000.00
<u>TOTAL CAPITAL FUND</u>	D	\$ 14,838,315.39	\$ 14,529,708.39
		\$ 16,188,606.97	\$ 16,000,526.79

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2015</u>	YEAR ENDED DECEMBER 31, <u>2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 275,000.00	\$ 380,000.00
Sewer Use Charges	D-3	6,670,936.49	6,754,638.07
Sewer Connection Fees	D-3:D-5	107,500.00	65,000.00
Interest and Costs	D-3:D-5	49,851.59	42,397.14
Interest on Investments and Deposits	D-3:D-5	1,607.39	1,658.19
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	<u>185,351.64</u>	<u>105,410.64</u>
<u>TOTAL INCOME</u>		\$ <u>7,290,247.11</u>	\$ <u>7,349,104.04</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 5,882,708.00	\$ 5,978,000.00
Capital Improvement Fund	D-4	250,000.00	25,000.00
Debt Service	D-4	70,000.00	503,500.00
Deferred Charges and Statutory Expenditures	D-4	<u>185,107.00</u>	<u>75,000.00</u>
<u>TOTAL EXPENDITURES</u>		\$ <u>6,387,815.00</u>	\$ <u>6,581,500.00</u>
Excess in Revenue		\$ 902,432.11	\$ 767,604.04
Fund Balance, Beginning	D	<u>942,663.43</u>	<u>1,055,059.39</u>
		\$ 1,845,095.54	\$ 1,822,663.43
Decreased by:			
Utilization as Anticipated Revenue:			
Sewer Utility Operating Budget	D-3	275,000.00	380,000.00
Current Fund Budget	D-5	<u>665,000.00</u>	<u>500,000.00</u>
Fund Balance, Ending	D	\$ <u><u>905,095.54</u></u>	\$ <u><u>942,663.43</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

REF.

Balance, December 31, 2014
and December 31, 2015

D

\$ 5,000.00

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS (OR DEFICIT)</u>
Fund Balance Utilized	D-1	\$ 275,000.00	\$ 275,000.00	\$
Sewer Use Charges	D-1	6,086,315.00	6,670,936.49	584,621.49
Connection Fees	D-1:D-5	60,000.00	107,500.00	47,500.00
Interest and Costs on Sewer Charges	D-1:D-5	40,000.00	49,851.59	9,851.59
Interest on Investments and Deposits	D-1:D-5	1,500.00	1,607.39	107.39
<u>BUDGET TOTALS</u>	D-4	<u>\$ 6,462,815.00</u>	<u>\$ 7,104,895.47</u>	<u>\$ 642,080.47</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATING:					
Salaries and Wages	\$ 644,738.00	\$ 694,738.00	\$ 664,765.66	\$ 29,972.34	\$
Other Expenses	5,367,970.00	5,262,970.00	5,091,153.50	96,816.50	75,000.00
	\$ 6,012,708.00	\$ 5,957,708.00	\$ 5,755,919.16	\$ 126,788.84	\$ 75,000.00
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 200,000.00	\$ 250,000.00	\$ 250,000.00	\$	\$
	\$ 200,000.00	\$ 250,000.00	\$ 250,000.00	\$	\$
DEBT SERVICE:					
Payment of Bond Principal	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$	\$
Interest on Bonds	10,000.00	10,000.00	10,000.00		
	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	\$	\$
DEFERRED CHARGES:					
Paydown Deferred Charges-Unfunded	\$ 58,607.00	\$ 58,607.00	\$ 58,607.00	\$	\$
	\$ 58,607.00	\$ 58,607.00	\$ 58,607.00	\$	\$
STATUTORY EXPENDITURES:					
Public Employee Retirement System	\$ 66,500.00	\$ 71,500.00	\$ 66,500.00	\$ 5,000.00	\$
Social Security System (O.A.S.I.)	55,000.00	55,000.00	55,000.00		
	\$ 121,500.00	\$ 126,500.00	\$ 121,500.00	\$ 5,000.00	\$
	\$ 6,462,815.00	\$ 6,462,815.00	\$ 6,256,026.16	\$ 131,788.84	\$ 75,000.00

REF.	D-3	D-1	D	D-1
Disbursements			\$ 6,205,828.08	
Accrued Interest			10,000.00	
Reserve for Accounts Payable			40,198.08	
			\$ 6,256,026.16	

The accompanying Notes to Financial Statements are an integral part of this statement.

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SWIMMING POOL UTILITY FUND

"E"

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>OPERATING FUND:</u>			
Cash and Investments	E-4	\$ 11,814.59	\$ 12,521.28
Interfunds Receivable	E-7	1,500.00	1,500.00
Deferred Charge-Emergency	E-18	<u>18,218.57</u>	<u>5,000.00</u>
<u>TOTAL OPERATING FUND</u>	E	<u>\$ 31,533.16</u>	<u>\$ 19,021.28</u>
<u>CAPITAL FUND:</u>			
Cash and Investments	E-4:E-6	\$ 31,486.99	\$ 19,439.31
Fixed Capital	E-12	773,173.14	773,173.14
Fixed Capital Authorized and Uncompleted	E-15	489,000.00	90,000.00
Interfunds Receivable	E-13	<u>2,000.00</u>	<u>2,000.00</u>
<u>TOTAL CAPITAL FUND</u>	E	<u>\$ 1,295,660.13</u>	<u>\$ 884,612.45</u>
	E	<u>\$ 1,327,193.29</u>	<u>\$ 903,633.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	E-3:E-8	\$ 7,862.13	\$ 6,941.62
Reserve for Accounts Payable	E-9		500.00
Interfunds Payable	E-7	20,042.53	6,951.16
Accrued Interest Payable	E-10	<u>2,628.50</u>	<u>2,628.50</u>
		\$ 30,533.16	\$ 17,021.28
Fund Balance	E-1	<u>1,000.00</u>	<u>2,000.00</u>
<u>TOTAL OPERATING FUND</u>	E	<u>\$ 31,533.16</u>	<u>\$ 19,021.28</u>
<u>CAPITAL FUND:</u>			
Improvement Authorizations:			
Funded	E-17	\$ 605.00	\$ 2,605.00
Unfunded	E-17	547.68	
Interfunds Payable	E-13	20,034.31	20,034.31
Bonds Payable	E-5	192,330.00	198,280.00
Bond Anticipation Notes Payable	E-19	380,000.00	
Capital Improvement Fund	E-16	14,500.00	1,000.00
Reserve for Amortization	E-14	659,535.74	656,084.74
Deferred Reserve for Amortization	E-11	<u>28,107.40</u>	<u>6,608.40</u>
<u>TOTAL CAPITAL FUND</u>	E	<u>\$ 1,295,660.13</u>	<u>\$ 884,612.45</u>
	E	<u>\$ 1,327,193.29</u>	<u>\$ 903,633.73</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELDSWIMMING POOL UTILITY FUNDSTATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2015</u>	YEAR ENDED DECEMBER 31, <u>2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	E-1	\$ 1,000.00	\$ 1,000.00
Membership Fees	E-2	162,673.00	173,516.25
Miscellaneous	E-2	7,608.43	12,130.85
		<u>\$ 171,281.43</u>	<u>\$ 186,647.10</u>
<u>EXPENDITURES</u>			
Operating	E-3	\$ 238,050.00	\$ 248,780.00
Capital Improvement Fund	E-3	32,500.00	500.00
Debt Service	E-3	13,450.00	10,020.00
Deferred Charges and Regulatory Expenditures	E-3	2,000.00	200.00
		<u>\$ 286,000.00</u>	<u>\$ 259,500.00</u>
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		\$	\$ 5,000.00
Operating Deficit	E-2;E-18	13,218.57	
Realized from General Budget for Anticipated Deficit	E-2	<u>101,500.00</u>	<u>67,852.90</u>
		<u>\$ 114,718.57</u>	<u>\$ 72,852.90</u>
Excess in Revenue		\$ - 0 -	\$ - 0 -
Fund Balance, January 1	E	<u>2,000.00</u>	<u>3,000.00</u>
		\$ 2,000.00	\$ 3,000.00
Decreased by:			
Utilization as Anticipated Revenue:			
Swimming Pool Utility Operating Budget	E-1	<u>1,000.00</u>	<u>1,000.00</u>
Fund Balance, December 31	E	<u>\$ 1,000.00</u>	<u>\$ 2,000.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Utilized	E-1	\$ 1,000.00	\$ 1,000.00	\$
Membership Fees	E-1: E-4	171,500.00	162,673.00	(8,827.00)
Miscellaneous	E-1: E-4	12,000.00	7,608.43	(4,391.57)
Deficit (General Budget)	E-1: E-4	<u>101,500.00</u>	<u>101,500.00</u>	<u></u>
		<u>\$ 286,000.00</u>	<u>\$ 272,781.43</u>	<u>\$ (13,218.57)</u>
	<u>REF.</u>	E-3		E-1:E-18

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER MODIFICATIONS</u>	<u>EXPENDED</u>	
	<u>BUDGET</u>			<u>PAID OR CHARGED</u>	<u>RESERVED</u>
<u>OPERATING:</u>					
Salaries and Wages	\$ 179,000.00	\$	179,000.00	\$ 178,999.66	\$ 0.34
Other Expenses	56,050.00		59,050.00	53,188.21	5,861.79
<u>CAPITAL OUTLAY:</u>					
Capital Improvement Fund	32,500.00		32,500.00	32,500.00	
<u>DEBT SERVICE:</u>					
Bond Principal	5,950.00		5,950.00	5,950.00	
Interest on Bonds	7,500.00		7,500.00	7,500.00	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</u>					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	5,000.00		2,000.00		2,000.00
	<u>\$ 286,000.00</u>	\$	<u>286,000.00</u>	<u>\$ 278,137.87</u>	<u>\$ 7,862.13</u>
<u>REF.</u>	E-2		E-1		E
Disbursements		\$		\$ 270,637.87	
Accrued Interest Payable				<u>7,500.00</u>	
		\$		<u>\$ 278,137.87</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF SOUTH PLAINFIELD
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash:			
Public Assistance Trust Fund I	F-1	\$ <u>19,355.71</u>	\$ <u>18,868.85</u>
		\$ <u>19,355.71</u>	\$ <u>18,868.85</u>
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund I	F-2	\$ <u>19,355.71</u>	\$ <u>18,868.85</u>
		\$ <u>19,355.71</u>	\$ <u>18,868.85</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"G"

BOROUGH OF SOUTH PLAINFIELD
STATEMENT OF GENERAL FIXED ASSETS
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>FIXED ASSETS:</u>		
Land	\$ 17,058,200.00	\$ 17,058,200.00
Buildings	9,001,500.00	9,001,500.00
Machinery and Equipment	<u>11,592,160.00</u>	<u>11,387,216.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 37,651,860.00</u>	<u>\$ 37,446,916.00</u>
 <u>RESERVE:</u>		
Investments in General Fixed Assets	<u>\$ 37,651,860.00</u>	<u>\$ 37,446,916.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SOUTH PLAINFIELD

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of South Plainfield is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of South Plainfield include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of South Plainfield, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of South Plainfield do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of South Plainfield conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of South Plainfield are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned sewer utility.

Swimming Pool Operating and Capital Funds - account for resources and expenditures for the operations and acquisition of capital facilities of the municipally-owned swimming pool utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31st, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - contractual orders, at December 31st, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental until.

The Borough of South Plainfield had the following cash and cash equivalents at December 31, 2015:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$4,848,118.11	(\$81,703.12)	\$4,766,414.99
Grant Fund	207,776.14		207,776.14
Assessment Trust Fund	285.94		285.94
Trust Other Fund	4,747,424.15	(82,115.17)	4,665,308.98
General Capital Fund	1,147,727.68	(26.97)	1,147,700.71
Sewer Operating Fund	1,109,734.65	(1.20)	1,109,733.45
Sewer Capital Fund	555,486.75	(36.57)	555,450.18
Pool Operating Fund	11,816.55	(1.96)	11,814.59
Pool Capital Fund	31,486.99		31,486.99
Public Assistance Trust Fund	19,355.71		19,355.71
	<u>\$12,679,212.67</u>	<u>(\$163,884.99)</u>	<u>\$12,515,327.68</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$750,000.00 was covered by Federal Depository Insurance and \$11,929,212.67 was covered by NJGUDPA.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitation set forth by New Jersey Statutes 40A:55.1 and existing investment practices, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.430%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 6,415,000.00	\$ 6,415,000.00	\$
Utility Debt	825,923.00	556,923.00	269,000.00
General Debt	<u>16,372,708.56</u>	<u>483,194.14</u>	<u>15,889,514.42</u>
	<u>\$ 23,613,631.56</u>	<u>\$ 7,455,117.14</u>	<u>\$ 16,158,514.42</u>

NET DEBT \$16,158,514.42 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$3,759,196,464.67 EQUALS 0.430%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

Issued:	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bonds, Loans, and Notes:			
General	\$ 16,120,300.85	\$ 15,687,196.27	\$ 14,369,371.20
Sewer Utility	120,000.00	180,000.00	670,000.00
Swimming Pool Utility	<u>572,330.00</u>	<u>198,280.00</u>	<u>200,800.00</u>
Total Issued	<u>\$ 16,812,630.85</u>	<u>\$ 16,065,476.27</u>	<u>\$ 15,240,171.20</u>
Authorized But Not Issued:			
Bonds, Loans, and Notes:			
General	\$ 252,407.71	\$ 642,407.71	\$ 264,907.71
Sewer Utility	131,393.00	190,000.00	215,000.00
Swimming Pool Utility	<u>2,200.00</u>	<u>2,200.00</u>	<u>2,200.00</u>
	<u>\$ 386,000.71</u>	<u>\$ 834,607.71</u>	<u>\$ 482,107.71</u>
Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 17,198,631.56</u></u>	<u><u>\$ 16,900,083.98</u></u>	<u><u>\$ 15,722,278.91</u></u>

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2015	\$ <u><u>3,759,196,464.67</u></u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 131,571,876.26
Net Debt	<u>16,158,514.42</u>
Remaining Borrowing Power	\$ <u><u>115,413,361.84</u></u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of South Plainfield for the last three (3) preceding years.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SEWER UTILITY PER N.J.S.40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$7,104,895.47
Deductions:		
Operating and Maintenance Cost	\$5,755,919.16	
Debt Service per Sewer Account	<u>70,000.00</u>	
Total Deductions		<u>5,825,919.16</u>
Excess in Revenue - Self-Liquidating		<u>\$1,278,976.31</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SWIMMING POOL UTILITY PER N.J.S.A. 40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 171,281.43
Deductions:		
Operating and Maintenance Cost	\$232,187.87	
Debt Service per Swimming Account	<u>13,450.00</u>	
Total Deductions		<u>245,637.87</u>
Deficit in Revenues (Not Self-Liquidating)		<u>\$ (74,356.44)</u>

LONG-TERM DEBT

General Capital - Bonds:

\$11,438,700.00 Bonds of 2012 due in annual installments
of \$140,500.00 to \$771,695.00 at a variable interest rate \$10,822,670.00

General Capital - Loans:

\$125,700.00 Green Acres Loan of 2003 due in annual
installments of \$4,595.65 to \$5,282.58 at an interest rate
of 3% \$ 10,512.85

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Sewer Utility Capital – Bonds:

\$300,000.00 Bonds of 2012 due in annual installments of
\$60,000.00 at a variable interest rate \$ 120,000.00

Pool Utility Capital – Bonds:

\$203,300 Bonds of 2012 due in annual installments of
\$2,500.00 to \$13,305.00 at a variable interest rate \$ 192,330.00

Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 252,407.71
Sewer Utility Capital Fund	131,393.00
Swimming Pool Utility Capital Fund	<u>2,200.00</u>
	\$ <u>386,000.71</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2015

Year	General		Sewer Utility		Swimming Pool Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$432,300.00	\$420,279.52	\$60,000.00	\$3,600.00	\$7,700.00	\$7,470.48
2017	432,300.00	402,987.52	60,000.00	1,200.00	7,700.00	7,162.48
2018	540,375.00	380,832.14			9,625.00	6,767.86
2019	540,375.00	353,813.39			9,625.00	6,286.61
2020	589,500.00	325,566.52			10,500.00	5,783.48
2021	589,500.00	296,091.52			10,500.00	5,258.48
2022	638,625.00	265,388.39			11,375.00	4,711.61
2023	638,625.00	233,457.14			11,375.00	4,142.86
2024	638,625.00	201,525.89			11,375.00	3,574.11
2025	687,750.00	175,243.01			12,250.00	3,105.99
2026	687,750.00	154,610.51			12,250.00	2,738.49
2027	687,750.00	133,549.17			12,250.00	2,363.33
2028	736,875.00	111,289.41			13,125.00	1,966.84
2029	736,875.00	87,801.52			13,125.00	1,548.48
2030	736,875.00	63,853.08			13,125.00	1,121.92
2031	736,875.00	39,444.09			13,125.00	687.16
2032	771,695.00	13,504.66			13,305.00	232.84
	<u>\$10,822,670.00</u>	<u>\$3,659,237.48</u>	<u>\$120,000.00</u>	<u>\$4,800.00</u>	<u>\$192,330.00</u>	<u>\$64,923.02</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR GREEN TRUST LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2015

Year	Green Acres	
	Principal	Interest
2016	<u>10,512.85</u>	<u>157.96</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

The Borough had the following outstanding note(s) at year end:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital	0.87%	10/28/16	\$ 772,500.00
	0.66%	7/22/16	2,674,618.00
	0.53%	4/29/16	<u>1,840,000.00</u>
			<u>\$ 5,287,118.00</u>
Swimming Pool Capital	0.53%	4/29/16	<u>\$ 380,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue in their own respective funds for the budget year ending December 31, 2016, were as follows:

Current Fund	\$ 1,740,000.00
Sewer Utility Fund	\$ 95,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Prepaid Taxes	\$ <u>677,833.84</u>	\$ <u>265,866.14</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effective 2015 PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 6: PENSION PLANS (CONTINUED)

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2015, members contributed at a uniform rate of 10.00% of base salary.

Certain Borough employees are also covered by the Federal Insurance Contribution Act. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,795,020 for 2015, \$1,672,365.65 for 2014 and \$1,806,046 for 2013.

All contributions were equal to the required contributions for each of the three years, respectively.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$14,854,373.00 for the Borough of South Plainfield’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough’s proportion was 0.0661723804 percent, which was an increase of 0.0016261274 percent from its proportion measured as of June 30, 2014.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$1,174,226.00 for the Borough of South Plainfield's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$532,110.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$354,373.00
Changes of assumptions		1,595,241.00
Net difference between projected and actual earnings on pension plan investments	\$238,830.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions		<u>852,076.00</u>
	<u>\$238,830.00</u>	<u>\$2,801,690.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$491,169.00
2017	\$491,169.00
2018	\$491,169.00
2019	\$671,216.00
2020	\$418,137.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Borough's Proportion	0.0661723804%	0.0645462530%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$18,462,169.00	\$14,854,373.00	\$11,829,624.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$27,659,805 for the Borough of South Plainfield's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.1660599863 percent, which was a decrease of 0.0070247084 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of 2,401,922.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$1,329,410.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$238,575.00	
Changes of assumptions		\$5,106,687.00
Net difference between projected and actual earnings on pension plan investments	481,395.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>770,542.00</u>	<u>704,342.00</u>
	<u>\$1,490,512.00</u>	<u>\$5,811,029.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$832,708.00
2017	\$832,708.00
2018	\$832,708.00
2019	\$1,388,159.00
2020	\$434,234.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Borough's Proportion	0.1660599863%	0.1730846947%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30,2015</u>		<u>June 30,2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate- Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the PFRS pension liability	\$36,464,405.00	\$27,659,805.00	\$20,480,441.00

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The balance of the liability accrued in the Trust Fund at December 31, 2015 is \$74,628.63 and \$16,500.00 in the Current Fund.

NOTE 8: LITIGATION

The Borough is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Borough’s legal counsel would not be material.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2015 and prior. Any reduction in assessed valuation will result in a refund of prior year’s taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. In addition, the Borough has reserved \$15,103.38 to help pay these claims.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough’s expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 488.67	\$ 2,349.85	\$ 195,248.91
2014	487.44	2,080.42	197,110.09
2013	494.44	26,565.77	198,703.07

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 30,066.30	\$ 15,129.97
Animal Control Trust Fund	5,292.34	
Trust Other Fund		17,316.11
General Capital Fund	33,664.28	
Sewer Utility Operating Fund		44.00
Sewer Utility Capital Fund	44.00	
Swimming Pool Operating Fund	1,500.00	20,042.53
Swimming Pool Capital Fund	<u>2,000.00</u>	<u>20,034.31</u>
	<u>\$ 72,566.92</u>	<u>\$ 72,566.92</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts. The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown:

	Balance December 31, 2015	Raised 2016 Budget
Swimming Pool Operating Fund	<u>\$18,218.57</u>	<u>\$18,218.57</u>

NOTE 15: LENGTH OF SERVICE AWARDS PROGRAM

The Borough of South Plainfield adopted an ordinance establishing a Length of Service Awards Program effective for 2000 for the members of the South Plainfield Volunteer Fire Department and Volunteer Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq. Under this program, each volunteer that performs the minimum amount of service will have an annual amount up to \$1,300.00 deposited into a tax deferred account. The Borough budgeted \$64,000.00 for the program in 2015.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes, commencing with the 2008 fiscal year.

Plan Description

The Borough of South Plainfield provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements:

Summary Of Retiree Welfare Benefits

A. Eligibility for Postemployment Welfare Benefits

South Plainfield PBA Local #100 (effective January 1, 2015 through December 31, 2018):

- Retire with at least 25 years of creditable service in the New Jersey Police and Firemen's Retirement System (NJPFERS); or
- Retire under a disability retirement from the NJPFERS: Ordinary – 4 years of service; Accidental – no service requirement

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Summary of Retiree Welfare Benefits (Continued)

PBA Local #100 Superior Officers (effective January 1, 2012 through December 31, 2015):

- Retire with at least 25 years of creditable service in the New Jersey Police and Firemen's Retirement System (NJPFERS); or
- Retire under a disability retirement from the NJPFERS: Ordinary – 4 years of service; Accidental – no service requirement

South Plainfield Professional Managers Association (effective January 1, 2015 through December 31, 2018):

- Retire with at least 25 years of service in New Jersey Public Employees' Retirement System (NJPERs); or
- Retire with a disability retirement from NJPERs: Ordinary – 10 years of service; Accidental – no service requirement; or

American Federation of State, County and Municipal Employees AFL-CIO, Council 73 (effective January 1, 2015 through December 31, 2018):

- Retire with at least 25 years of service in New Jersey Public Employees' Retirement System (NJPERs); or
- Retire with a disability retirement from NJPERs: Ordinary – 10 years of service; Accidental – no service requirement

Teamsters Local Union No. 469 (effective January 1, 2015 through December 31, 2018):

- Retire with at least 25 years of service in New Jersey Public Employees' Retirement System (NJPERs); or
- Retire with a disability retirement from NJPERs: Ordinary – 10 years of service; Accidental – no service requirement

B. Retiree Medical Benefits

Two Medical plans are offered to eligible retirees and their dependents: a Traditional plan and an EPO plan. These plans are self-insured through Horizon Blue Cross/Blue Shield.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Summary Of Retiree Welfare Benefits (Continued)

C. Retiree Prescription Drug Benefits

Prescription drug benefits are provided to eligible retirees and their dependents and self-insured through Express Scripts.

Copayment schedules depend on date of retirement and union as outlined below:

Retirees Prior to 1999:

<u>Retail</u>		
34 day supply	20%	(up to \$100 maximum) per generic/brand
<u>Mail Order</u>		
90 day supply	20%	(up to \$100 maximum) per generic/brand

Retirees during or after 1999:

All PBA Local 100 & Teamsters Local:

	<u>Teamsters</u>	<u>PBA</u>
<u>Retail</u>		
34 day supply	\$8 generic/\$20 brand	\$8 generic/\$15 brand
<u>Mail Order</u>		
90 day supply	\$20 generic/\$30 brand	\$15 generic/\$25 brand
<u>All Others:</u>		

Professional Managers prior to 2015

<u>Retail</u>		
34 day supply	\$2 generic/\$5 brand	
<u>Mail Order</u>		
90 day supply	\$0 generic/\$0 brand	

Professional Managers beginning 1/1/15

<u>Retail</u>		
34 day supply	\$8 generic/\$15 brand	
<u>Mail Order</u>		
90 day supply	\$25 generic/\$25 brand	

AFSCME prior to 2015

<u>Retail</u>		
34 day supply	\$8 generic/\$20 brand	

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Summary Of Retiree Welfare Benefits (Continued)

D. Life Insurance or Death Benefits

No postemployment death benefits are paid by the Borough.

E. Dental Benefits

Dental benefits are offered on a reimbursement basis by the Borough.

All South Plainfield Professional Managers Association retirees, all Teamsters Local Union No. 469 retirees, all AFSCME retirees and all PBA Local #100 members retiring on or after January 1, 2003 are eligible for the following Dental Plan benefits.

The Dental Plan provides 100% of coverage on preventative and diagnostic services with no deductible. All other care has 80% coinsurance with a \$25 deductible per person (limited to \$75 per family) with an annual maximum of \$2,000 per teamsters local individuals, and \$2,200 for PBA 100 and Professional Managers individuals. The lifetime orthodontic maximum is \$1,200 per teamsters and AFSCME individuals and \$1,500 for PBA 100 individuals.

F. Vision Benefits

Vision benefits are offered on a reimbursement basis by the Borough. All South Plainfield Professional Managers Association retirees, all Teamsters Local Union No. 469 retirees and all AFSCME retirees are eligible for the following Optical Plan benefits:

The combined cost to the Borough for an annual eye examination and prescription eye glasses shall not exceed \$400 for every alternate year. The employee can use the allotment for a family member if the employee so chooses.

South Plainfield PBA Local #100 Policemen retiring on or after January 1, 1999 and PBA Local #100 Superior Officers retiring on or after January 1, 2000 are entitled to the following Optical Plan benefits.

The cost to the Borough for an annual eye examination will be no more than \$75 and the cost to the Borough for prescription eye glasses shall not exceed \$300 every alternate year. In the event the eye prescription changes in an off year, the Borough will still provide the coverage. Vision benefits are transferable to a family member.